

City of Midland, Michigan

Governmental Funds **Reconciliation of the Statement of Revenue, Expenditures, and Changes in** **Fund Balances of Governmental Funds to the Statement of Activities** **Year Ended June 30, 2004**

Net Change in Fund Balances - Total Governmental Funds **\$ 8,144,363**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciable expense 1,816,814

Internal Service Funds are used by the City to charge the cost of certain activities to individual funds. A portion of net revenue (expense) of the Internal Service Funds is reported with governmental activities (2,066,651)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. Some of the City's receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred revenue in the funds:

Special assessments	\$ (501,161)
Due from other governmental units	<u>(101,211)</u>

Total deferred revenues (602,372)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets - Principal payments 291,049

Accrued compensated absences, in most cases, are not recorded in governmental funds. These expenses are recognized when earned in the statement of activities 88,372

The collection of property taxes to fund a reserve for tax appeals is recorded as revenue in governmental funds. However, this reserve will eventually be paid out, so it is a liability, and the change in this reserve is shown as a reduction to the current year's property tax revenue in arriving at the change in net assets (5,235,862)

Investments in joint ventures are not financial resources and therefore are not shown on the fund-based statements (300,461)

Change in Net Assets of Governmental Activities **\$ 2,135,252**

City of Midland, Michigan

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Real Estate	
			Rental	Sanitary Landfill
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 6,453,283	\$ 515,038	\$ 1,509,487	\$ 4,563,976
Investments (Note 3)	-	-	-	-
Receivables - Net of allowances for uncollectibles:				
Accounts and contracts	1,252,162	635,738	8,483	325,714
Special assessments - Current				
Accrued interest	11,391	8,928	2,842	8,316
Due from other funds (Note 6)	-	-	-	9,000
Due from other governmental units	-	55,737	-	-
Inventories	366,106	-	-	-
Prepaid items	-	-	-	-
Total current assets	8,082,942	1,215,441	1,520,812	4,907,006
Noncurrent assets:				
Special assessments - Long-term	-	-	-	-
Restricted assets	1,476,194	1,920,256	-	903,082
Property, plant, and equipment:				
Construction in progress	3,176,637	372,919	10,000	-
Land and land improvements	48,165	148,722	674,756	10,790,712
Buildings and structures	27,318,114	19,185,691	20,266,889	895,452
Water and sewer lines	28,120,063	38,352,774	-	-
Vehicles	101,753	67,360	-	356,419
Equipment	1,988,521	1,425,838	898,093	413,515
Total property, plant, and equipment	60,753,253	59,553,304	21,849,738	12,456,098
Accumulated depreciation	(28,960,367)	(15,057,765)	(6,871,406)	(6,600,784)
Net property, plant, and equipment	31,792,886	44,495,539	14,978,332	5,855,314
Other assets:				
Investment in joint venture	7,245,898	-	-	-
Other property and investments	276,808	119,089	-	-
Total other assets	7,522,706	119,089	-	-
Total assets	\$ 48,874,728	\$ 47,750,325	\$ 16,499,144	\$ 11,665,402